

# The State of Delaware

## GHIP Long-term Projections & FY23 Opportunities

December 13, 2021

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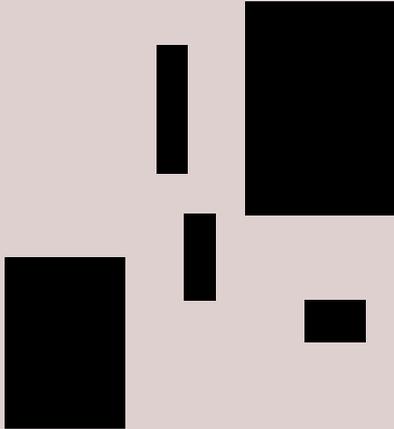
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# Today's discussion

- GHIP long term health care cost projections
- GHIP long term health care cost projections (with additional COVID-19 expense reimbursement)
- FY23 planning opportunities
- Next steps

# GHIP long term health care cost projections



# GHIP long term health care cost projections (updated through Oct '21)

## Revised projections

- Projected FY23 budget of \$963.7m is down 1.6% (\$15.2M) from November SEBC update of \$978.9m; reflects experience through October 2021; assumes no additional COVID-19 expense reimbursement
- Claims Experience reduction due to inclusion of savings from the following initiatives expected to be voted on by the SEBC at the December meeting and implemented in FY23:
  - PRC award recommendations from medical TPA RFP<sup>1</sup>
  - Reinstatement of member cost sharing for telehealth visits with community providers
  - Implementation of CVS Drug Savings Review program
  - Implementation of CVS Transform Diabetes Care program
- Other Revenues reduction due to increase in monthly per retiree prospective reinsurance payment (from \$48.52 in 2021 to \$65.68 in 2022); increase impacts timing of federal reinsurance revenues, with no change to amount expected to be earned in 2022
- Final projections and FY23 rate impact to be presented to SEBC in February

Component (\$M)	Description	FY23
<b>November SEBC Update (includes impact of COVID-19)</b>		<b>\$978.9</b>
Claims Experience	Claims experience updated based on experience through October 2021	(\$8.8)
Enrollment	Expected claims and premium increase due to growth in covered population	\$0.0
Updated Other Revenues	Includes revised EGWP payments, pharmacy rebates and participating group fees	(\$6.4)
<b>December SEBC Update (includes impact of COVID-19)</b>		<b>\$963.7</b>

<sup>1</sup>Reflects savings attributable to PRC award recommendations only; cost/savings from outstanding decisions to be made pursuant to PRC award recommendation (e.g., care management programs, Medicare plan options and other value-added services) will be reflected in future projections if/when approved by SEBC

# GHIP long term health care cost projections (updated through Oct '21)

No premium increases FY22-FY26 (*includes* \$20m supplemental bill funding in FY22)

GHIP Costs (\$ millions)	FY20 Actual	FY21 Actual	FY22 Projected <sup>1</sup>	FY23 Projected <sup>1</sup>	FY24 Projected <sup>1</sup>	FY25 Projected <sup>1</sup>	FY26 Projected <sup>1</sup>
Average Enrolled Members	128,531	129,768	130,179	131,481	132,796	134,124	135,465
<b>GHIP Revenue</b>							
Premium Contributions (Increasing with Enrollment) <sup>2</sup>	\$830.8	\$839.4	\$840.1	\$848.5	\$857.1	\$865.6	\$874.3
<i>Hold premium rates flat FY21 and beyond</i>	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Revenues <sup>3</sup>	\$122.8	\$128.9	\$191.0	\$188.4	\$216.0	\$234.3	\$253.3
<b>Total Operating Revenues</b>	<b>\$953.7</b>	<b>\$968.3</b>	<b>\$1,031.1</b>	<b>\$1,036.9</b>	<b>\$1,073.1</b>	<b>\$1,099.9</b>	<b>\$1,127.6</b>
<b>GHIP Expenses (Claims/Fees)</b>							
Operating Expenses <sup>4</sup>	\$927.7	\$1,005.7	\$1,080.5	\$1,152.1	\$1,229.1	\$1,241.4	\$1,253.9
% Change Per Member	0.9%	7.4%	7.1%	5.6%	5.6%	0.0%	0.0%
<b>Adjusted Net Income (Revenue less Expense)</b>	<b>\$26.0</b>	<b>(\$37.4)</b>	<b>(\$49.4)</b>	<b>(\$115.2)</b>	<b>(\$156.0)</b>	<b>(\$141.5)</b>	<b>(\$126.3)</b>
Balance Forward	\$163.8	\$189.8	\$152.3	\$102.9	(\$12.3)	(\$168.3)	(\$309.9)
Ending Balance	\$189.8	\$152.3	\$102.9	(\$12.3)	(\$168.3)	(\$309.9)	(\$436.1)
- Less Claims Liability <sup>5</sup>	\$57.5	\$57.5	\$61.0	\$65.0	\$69.3	\$70.0	\$70.7
- Less Minimum Reserve <sup>5</sup>	\$24.3	\$24.3	\$24.3	\$25.9	\$27.6	\$27.9	\$28.2
- Less COVID-19 Reserve <sup>6</sup>	-	-	-	-	-	-	-
<b>GHIP Surplus (After Reserves/Deposits)</b>	<b>\$108.0</b>	<b>\$70.5</b>	<b>\$17.6</b>	<b>(\$103.2)</b>	<b>(\$265.2)</b>	<b>(\$407.8)</b>	<b>(\$535.0)</b>

*It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.*

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 18) and detailed projection footnotes (slide 19)

# GHIP long term health care cost projections (updated through Oct '21)

- WTW's latest FY23 budget projection reflects a **\$103.2m deficit** that must be solved through a combination of premium rate increases and other levers that can generate substantial plan savings
  - The Financial Subcommittee will be tasked with recommending the timing and level of rate increase in FY23
  - If no other program changes, a 12.2% premium increase will be needed on July 1, 2022 to solve for the projected FY23 deficit of \$103.2m
  - A 12.2% premium increase yields approximately \$75m in State share revenue and \$9m in employee/pensioner revenue for the active/pre-65 retiree population
  - Targeting \$0 deficit by the end of FY25 requires an annual premium increase of 7.5% in FY23, FY24 and FY25 (in this scenario, Fund would end FY23 and FY24 in deficit position after reserves)
    - A 7.5% premium increase yields approximately \$46m in State share revenue and \$6m in employee/pensioner revenue for the active/pre-65 retiree population

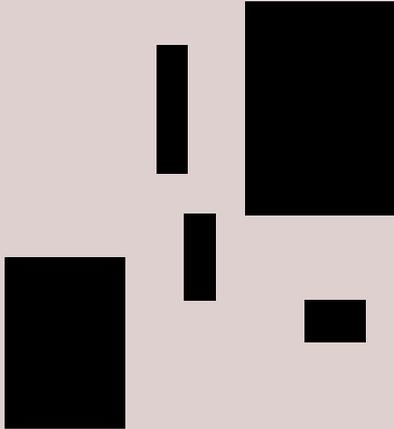
# FY23 monthly rates and employee/retiree contributions

Illustrative: 12.2% increase effective 7/1/2022

FY22 reflects employee contribution increases of \$3.40 - \$33.29 per employee per month (\$40.80 - \$399.48 per year) and State subsidy increases of \$81.43 - \$219.72 per employee per month (\$977.16 - \$2,636.64 per year) effective 7/1/2022

	Current Rates			FY 2023 with 12.2% Increase (effective 7/1/2022)			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
<b>First State Basic</b>										
Employee	\$695.36	\$27.84	\$667.52	\$780.19	\$31.24	\$748.95	\$3.40	\$40.80	\$81.43	\$977.16
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,614.20	\$64.54	\$1,549.66	\$7.02	\$84.24	\$168.50	\$2,022.00
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,185.98	\$47.42	\$1,138.56	\$5.16	\$61.92	\$123.80	\$1,485.60
Family	\$1,798.42	\$71.92	\$1,726.50	\$2,017.83	\$80.69	\$1,937.14	\$8.77	\$105.24	\$210.64	\$2,527.68
<b>CDH Gold</b>										
Employee	\$719.68	\$35.98	\$683.70	\$807.48	\$40.37	\$767.11	\$4.39	\$52.68	\$83.41	\$1,000.92
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,674.27	\$83.68	\$1,590.59	\$9.10	\$109.20	\$172.95	\$2,075.40
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,233.71	\$61.67	\$1,172.04	\$6.71	\$80.52	\$127.44	\$1,529.28
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,127.02	\$106.34	\$2,020.68	\$11.56	\$138.72	\$219.72	\$2,636.64
<b>Aetna HMO</b>										
Employee	\$725.94	\$47.16	\$678.78	\$814.50	\$52.91	\$761.59	\$5.75	\$69.00	\$82.81	\$993.72
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,717.31	\$111.64	\$1,605.67	\$12.14	\$145.68	\$174.59	\$2,095.08
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,246.00	\$80.99	\$1,165.01	\$8.81	\$105.72	\$126.67	\$1,520.04
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,142.82	\$139.26	\$2,003.56	\$15.14	\$181.68	\$217.86	\$2,614.32
<b>Comprehensive PPO</b>										
Employee	\$793.86	\$105.18	\$688.68	\$890.71	\$118.01	\$772.70	\$12.83	\$153.96	\$84.02	\$1,008.24
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,848.32	\$244.89	\$1,603.43	\$26.63	\$319.56	\$174.35	\$2,092.20
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,372.72	\$181.85	\$1,190.87	\$19.77	\$237.24	\$129.49	\$1,553.88
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,310.65	\$306.15	\$2,004.50	\$33.29	\$399.48	\$217.96	\$2,615.52

# GHIP long term health care cost projections (with additional COVID-19 expense reimbursement)



# GHIP long term health care cost projections (updated through Oct '21)

With additional COVID-19 expense reimbursement projected in FY23

- Current long-term projections reflect \$23.3m COVID-19 expense reimbursement payment received June 2021
- Based on IBM Watson Health reporting of COVID-19 expenses through October 2021, an additional \$15.8m in potential COVID-19 expense reimbursements **could** hit the Fund in FY22 or FY23
- The long-term projections on the following pages reflect an additional \$15.8m in COVID-19 relief, projected to be received in FY23
  - Reduces projected FY23 deficit to \$86.3m
  - If no other program changes, a 10.2% premium increase will be needed on July 1, 2022 to solve for the projected FY23 deficit of \$86.3m
    - A 10.2% premium increase yields approximately \$63m in State share revenue and \$8m in employee/pensioner revenue for the active/pre-65 retiree population
  - Targeting \$0 deficit by the end of FY25 requires an annual premium increase of 7.2% in FY23, FY24 and FY25 (in this scenario, Fund would end FY23 and FY24 in deficit position after reserves)
    - A 7.2% premium increase yields approximately \$44m in State share revenue and \$5m in employee/pensioner revenue for the active/pre-65 retiree population

# GHIP long term health care cost projections (updated through Oct '21)

No premium increases FY22-FY26 (**includes** \$20m supplemental bill funding in FY22 **and** additional \$15.8m in COVID-19 expense reimbursement in FY23<sup>1</sup>)

GHIP Costs (\$ millions)	FY20 Actual	FY21 Actual	FY22 Projected <sup>1</sup>	FY23 Projected <sup>1</sup>	FY24 Projected <sup>1</sup>	FY25 Projected <sup>1</sup>	FY26 Projected <sup>1</sup>
Average Enrolled Members	128,531	129,768	130,179	131,481	132,796	134,124	135,465
<b>GHIP Revenue</b>							
Premium Contributions (Increasing with Enrollment) <sup>2</sup>	\$830.8	\$839.4	\$840.1	\$848.5	\$857.1	\$865.6	\$874.3
<i>Hold premium rates flat FY21 and beyond</i>	-	-	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Other Revenues <sup>3</sup>	\$122.8	\$128.9	\$191.0	\$188.4	\$216.0	\$234.3	\$253.3
<b>Total Operating Revenues</b>	<b>\$953.7</b>	<b>\$968.3</b>	<b>\$1,031.1</b>	<b>\$1,036.9</b>	<b>\$1,073.1</b>	<b>\$1,099.9</b>	<b>\$1,127.6</b>
<b>GHIP Expenses (Claims/Fees)</b>							
Operating Expenses <sup>4</sup>	\$927.7	\$1,005.7	\$1,080.5	\$1,136.3	\$1,229.1	\$1,241.4	\$1,253.9
% Change Per Member	0.9%	7.4%	7.1%	4.1%	7.1%	0.0%	0.0%
<b>Adjusted Net Income (Revenue less Expense)</b>	<b>\$26.0</b>	<b>(\$37.4)</b>	<b>(\$49.4)</b>	<b>(\$99.4)</b>	<b>(\$156.0)</b>	<b>(\$141.5)</b>	<b>(\$126.3)</b>
Balance Forward	\$163.8	\$189.8	\$152.3	\$102.9	\$3.5	(\$152.6)	(\$294.1)
Ending Balance	\$189.8	\$152.3	\$102.9	\$3.5	(\$152.6)	(\$294.1)	(\$420.4)
- Less Claims Liability <sup>5</sup>	\$57.5	\$57.5	\$61.0	\$64.2	\$69.4	\$70.1	\$70.8
- Less Minimum Reserve <sup>5</sup>	\$24.3	\$24.3	\$24.3	\$25.6	\$27.7	\$28.0	\$28.3
- Less COVID-19 Reserve <sup>6</sup>	-	-	-	-	-	-	-
<b>GHIP Surplus (After Reserves/Deposits)</b>	<b>\$108.0</b>	<b>\$70.5</b>	<b>\$17.6</b>	<b>(\$86.3)</b>	<b>(\$249.7)</b>	<b>(\$392.2)</b>	<b>(\$519.5)</b>

*It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.*

Please refer to Appendix for FY17, FY18, and FY19 actual results (slide 18) and detailed projection footnotes (slide 19)

<sup>1</sup>Based on IBM Watson Health reporting of actual COVID-19 expenses through October 2021; \$15.8m payment reflected as offset to FY23 operating expenses

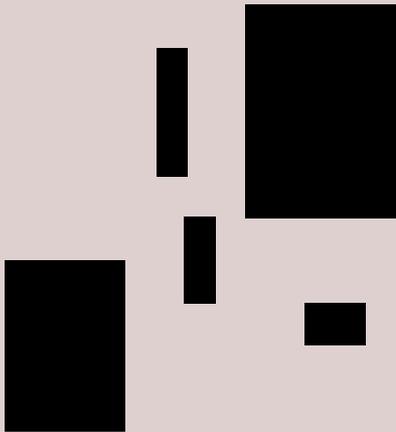
# FY23 monthly rates and employee/retiree contributions

Illustrative: 10.2% increase effective 7/1/2022

FY22 reflects employee contribution increases of \$2.84 - \$27.83 per employee per month (\$34.08 - \$333.96 per year) and State subsidy increases of \$68.09 - \$183.70 per employee per month (\$817.08 - \$2,204.40 per year) effective 7/1/2022

	Current Rates			FY 2023 with 10.2% Increase (effective 7/1/2022)			\$ Change Employee/ Pensioner Contribution		\$ Change State Subsidy	
	Rate	Employee Contribution	State Subsidy	Rate	Employee Contribution	State Subsidy	Monthly	Annual	Monthly	Annual
<b>First State Basic</b>										
Employee	\$695.36	\$27.84	\$667.52	\$766.29	\$30.68	\$735.61	\$2.84	\$34.08	\$68.09	\$817.08
Employee + Spouse	\$1,438.68	\$57.52	\$1,381.16	\$1,585.43	\$63.39	\$1,522.04	\$5.87	\$70.44	\$140.88	\$1,690.56
Employee + Child	\$1,057.02	\$42.26	\$1,014.76	\$1,164.84	\$46.57	\$1,118.27	\$4.31	\$51.72	\$103.51	\$1,242.12
Family	\$1,798.42	\$71.92	\$1,726.50	\$1,981.86	\$79.26	\$1,902.60	\$7.34	\$88.08	\$176.10	\$2,113.20
<b>CDH Gold</b>										
Employee	\$719.68	\$35.98	\$683.70	\$793.09	\$39.65	\$753.44	\$3.67	\$44.04	\$69.74	\$836.88
Employee + Spouse	\$1,492.22	\$74.58	\$1,417.64	\$1,644.43	\$82.19	\$1,562.24	\$7.61	\$91.32	\$144.60	\$1,735.20
Employee + Child	\$1,099.56	\$54.96	\$1,044.60	\$1,211.72	\$60.57	\$1,151.15	\$5.61	\$67.32	\$106.55	\$1,278.60
Family	\$1,895.74	\$94.78	\$1,800.96	\$2,089.11	\$104.45	\$1,984.66	\$9.67	\$116.04	\$183.70	\$2,204.40
<b>Aetna HMO</b>										
Employee	\$725.94	\$47.16	\$678.78	\$799.99	\$51.97	\$748.02	\$4.81	\$57.72	\$69.24	\$830.88
Employee + Spouse	\$1,530.58	\$99.50	\$1,431.08	\$1,686.70	\$109.65	\$1,577.05	\$10.15	\$121.80	\$145.97	\$1,751.64
Employee + Child	\$1,110.52	\$72.18	\$1,038.34	\$1,223.79	\$79.54	\$1,144.25	\$7.36	\$88.32	\$105.91	\$1,270.92
Family	\$1,909.82	\$124.12	\$1,785.70	\$2,104.62	\$136.78	\$1,967.84	\$12.66	\$151.92	\$182.14	\$2,185.68
<b>Comprehensive PPO</b>										
Employee	\$793.86	\$105.18	\$688.68	\$874.83	\$115.91	\$758.92	\$10.73	\$128.76	\$70.24	\$842.88
Employee + Spouse	\$1,647.34	\$218.26	\$1,429.08	\$1,815.37	\$240.52	\$1,574.85	\$22.26	\$267.12	\$145.77	\$1,749.24
Employee + Child	\$1,223.46	\$162.08	\$1,061.38	\$1,348.25	\$178.61	\$1,169.64	\$16.53	\$198.36	\$108.26	\$1,299.12
Family	\$2,059.40	\$272.86	\$1,786.54	\$2,269.46	\$300.69	\$1,968.77	\$27.83	\$333.96	\$182.23	\$2,186.76

# FY23 planning opportunities



# FY23 opportunities for consideration

## Recap of recent discussions with the Subcommittees

- Due to the looming FY23 deficit, WTW has been asked to review alternatives that will generate GHIP plan savings and reduce the anticipated FY23 premium increase needed to solve for the deficit
- Savings opportunities can come from, but are not limited to, the following alternatives:
  - Medical TPA RFP initiatives
  - Plan design changes for active/pre-65 and Medicfill programs
  - Adoption of proposed CVS Health pharmacy programs
  - Adoption of mandatory bariatric carve-out and incentive modifications with SurgeryPlus
- The following slides detail the potential savings associated with these alternatives along with recommendations from the Subcommittees about which warrant further consideration by the SEBC at this time
  - All savings estimates require additional analysis and refining; estimates are intended to highlight the magnitude of program changes needed to solve for the projected FY23 deficit of \$103.2m

# FY23 opportunities for consideration

Recommended by Subcommittees for SEBC consideration

FY23 Opportunity	Description	Est. # Members Impacted*	Est. FY23 Net Savings / Cost Avoided	Impact to required FY23 premium increase of 12.2%
Telemedicine copay changes	WTW modeled reinstatement of member cost sharing for telehealth visits with community providers	102,100 <i>(Commercial plans only)</i>	<b>\$4.0M</b> , assuming future utilization mirrors pre-pandemic utilization	<b>0.5%</b> reduction in required increase
CVS Drug Savings Review	Program reviews Rx utilization to ensure that prescriptions follow evidence-based medical guidelines	102,100 <i>(Commercial plans only)</i>	<b>\$1.0M – \$2.8M</b> , assuming 7/1/22 effective date	<b>0.1% – 0.3%</b> reduction in required increase
CVS Transform Diabetes Care	Engages members with diabetes on actionable steps to address gaps in care, evaluate medical needs and facilitate overall wellness	Approximately 6,400 Commercial plan members who are currently participating in the Livongo diabetes management program	<b>\$1.9M</b> <i>(impact on Medicfill plans addressed separately)</i>	<b>0.2%</b> reduction in required increase

- Total annual savings opportunity if all above program changes adopted for FY23 is **\$7M-\$9M**
  - Savings have already been reflected in updated long-term projections on slides 5 and 10
- Additional discussion needed regarding treatment of behavioral health telemedicine visit copays with community providers, which have \$15 and \$20 copays in the HMO and PPO plans respectively
  - Members will still have access to \$0 copay behavioral health visits with Amwell and Teladoc
  - Maintaining \$0 copay for behavioral health virtual visits with community providers would reduce projected savings from \$4m to approximately \$1m for FY23

\*Based on enrollment as of August 2021.

# FY23 opportunities for consideration

Not recommended for SEBC consideration at this time



Will be further studied with Subcommittees in early CY2022

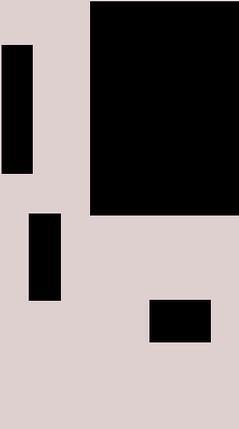
FY23 Opportunity	Description	Est. # Members Impacted*	Est. FY23 Net Savings / Cost Avoided	Impact to required FY23 premium increase of 12.2%
Add deductibles to the Comprehensive PPO and HMO plans	WTW modeled deductibles for single / family coverage ranging from \$50 / \$100 to \$500 / \$1,000	89,000 <i>(PPO &amp; HMO only)</i>	<b>\$1.5M – \$11.7M</b> , depending on deductible level	<b>0.2% – 1.4%</b> reduction in required increase
Deductible/copay changes to the Medicfill plan	WTW modeled deductibles of \$50 and \$250 as well as copays for office visits, ER visits and hospital stays	28,600 <i>(Medicfill only)</i>	Each change ranges from <b>\$0.8M</b> to <b>\$3.9M</b> (max: <b>\$10.3M</b> )	<b>0.1% – 0.5%</b> (max: <b>1.2%</b> ) reduction in required increase
Rx copay changes	WTW modeled impact of increasing Rx copays for Commercial (non-Medicare) and EGWP populations	Commercial: 102,100 EGWP: 28,000	Commercial: <b>\$3.9M</b> EGWP: <b>\$2.3M</b> Total: <b>\$6.2M</b>	Commercial: <b>0.5%</b> EGWP: <b>0.3%</b> Total: <b>0.7%</b> reduction in required increase
★ CVS PrudentRx	Program leverages manufacturer assistance with specialty medications and requires significant engagement from members	Approximately 1,000 members utilizing specialty drugs (excluding HIV and fertility)	<b>\$6.9M – \$7.7M</b> , excluding specialty medications for HIV and fertility	<b>0.8% – 0.9%</b> reduction in required increase
★ SurgeryPlus bariatric carve-out	Adoption of mandatory bariatric surgery only through SurgeryPlus providers	Varies according to utilization, but likely 100-200 members annually	<b>\$1.2M</b> <i>(assumes 50% of previous 24 months utilization)</i>	<b>0.1%</b> reduction in required increase
SurgeryPlus incentive design changes	Adoption of changes to financial incentives provided to members who choose to use SurgeryPlus program for elective surgeries	Varies according to utilization, but likely up to 500 members annually	<b>\$0.1M</b> <i>(based on FY21 utilization, excluding bariatric surgeries)</i>	Negligible ( <b>&lt;0.1%</b> ) reduction in required increase

\*Based on enrollment as of August 2021.

## Next steps

- SEBC to consider vote on any FY23 opportunities recommended by the Subcommittees
- FY23 opportunities that require further study by the Subcommittees will continue to be evaluated during upcoming meetings in January and February 2022
- Any additional recommendations from the Subcommittees will be presented to the SEBC for a vote during either the February 2022 or March 2022 meeting

# Appendix



# GHIP historical health care fund information

FY17-FY19

GHIP Costs (\$ millions)	FY17 Actual	FY18 Actual	FY19 Actual
Average Enrolled Members	123,132	125,488	126,360
<b>GHIP Revenue</b>			
Premium Contributions (Increasing with Enrollment) <sup>2</sup>	\$799.0	\$810.9	\$817.4
<i>Hold premium rates flat FY21+</i>	-	-	-
Other Revenues <sup>3</sup>	\$81.6	\$92.1	\$98.5
<b>Total Operating Revenues</b>	<b>\$880.6</b>	<b>\$903.0</b>	<b>\$915.9</b>
<b>GHIP Expenses (Claims/Fees)</b>			
Operating Expenses <sup>4</sup>	\$816.8	\$853.9	\$904.0
% Change Per Member		2.6%	5.1%
Excise Tax Liability <sup>5</sup>			
<b>Adjusted Net Income (Revenue less Expense)</b>	<b>\$63.8</b>	<b>\$49.1</b>	<b>\$11.9</b>
Balance Forward	\$38.9	\$102.7	\$151.8
Ending Balance	\$102.7	\$151.8	\$163.8
- Less Claims Liability <sup>6</sup>	\$54.0	\$58.9	\$58.8
- Less Minimum Reserve <sup>6</sup>	\$24.0	\$24.0	\$24.3
<b>GHIP Surplus (After Reserves/Deposits)</b>	<b>\$24.7</b>	<b>\$68.9</b>	<b>\$80.7</b>

# GHIP long term health care cost projection footnotes

**Note: FY17-FY21 actuals based on final June Fund Equity reports for respective fiscal year; FY22+ projected operating expenses and enrollment based on experience through October 2021 with adjustments due to COVID-19 financial impact; assumed 1% annual enrollment growth; numbers in table may not add up due to rounding**

1. Includes approved design changes effective 7/1/2019 including implementation of SurgeryPlus COE (\$0.5m annual savings), site-of-care steerage (\$6.9m), Highmark infusion therapy program (\$2.0m) and implementation of Livongo (\$0.7m); FY21 reflects implementation of Highmark radiation therapy authorization program (\$633k annual savings per Highmark); FY22-FY26 projections based on 5% medical, 8% pharmacy baseline trend; assumes 1% annual growth in GHIP membership; FY22 projection reflects impact of COVID-19; assumes no other program changes in FY22 and beyond.
2. Includes State and employee/pensioner premium contributions; assumes 1% annual enrollment growth for FY22-FY26
3. Includes Rx rebates, EGWP payments, other revenues based on when revenues will be received; FY22 and beyond includes estimated improvements in Rx rebates based on result of PBM award to CVS Health; rebates assumed to be paid 60 days after the quarter adjudicated; includes fees for participating non-State groups (assumed to increase proportionally with membership and premium growth); FY22 includes projected \$8.4m CY2020 CMS financial reconciliation payment to be received Jan. 2022.
4. FY22 and beyond includes estimated reduction in pharmacy claims as a result of PBM award to CVS Health
5. FY20 Minimum Reserve levels updated with data through June 2019; FY20 Claim Liability updated with lag factors as of Dec 2019 and claims data through December 2019; FY21 reserves assumed to remain at FY20 levels; FY22 claim liability and future years assumed to increase with overall GHIP claims growth; FY22 minimum reserve assumed to remain at FY21 level.
6. One-time COVID-19 reserve as approved by SEBC on July 27<sup>th</sup>, 2020; released at the end of FY21

*It is evident that the COVID-19 pandemic will have an impact on health care costs. We have used available information and reasonable estimation techniques to develop health care cost estimates for the GHIP that reflect the impact of COVID-19. However due to the high degree of uncertainty associated with this pandemic, results may vary from the estimates provided.*

## Plan design considerations

### COVID-19 benefit enhancements – telemedicine copay changes

- Since the onset of COVID-19, the GHIP has continued to evaluate and extend certain benefit enhancements related to the pandemic, including:
  - EAP coverage for all SOD employees (annual GHIP cost ~\$70k)
  - No member cost sharing for any telehealth visit
    - GHIP cost impact varies, and has grown with the substantial increase in telehealth utilization with “other” telehealth providers, including PCP’s and specialists
  - Benefit enhancements currently extended for no more than thirty days following the end of the public health emergency
- In the 12-months ended in July 2021, the GHIP paid approx. \$19m in telehealth claims associated with these “other” providers with essentially no member cost sharing
  - Based on cost sharing for pre-pandemic telehealth claims<sup>1</sup>, the GHIP could save up to \$4m by waiving the extension of no member cost sharing for any telehealth visit<sup>2</sup>
    - Assumes future utilization mirrors pre-pandemic utilization

<sup>1</sup> 10% coinsurance for CDH and FSB plans, \$0 copay for PPO/HMO visits with select telehealth providers (i.e., Teladoc, Doctor on Demand, Amwell), and office visit copays for appointments with community-based providers (i.e., PCPs, specialists) and for behavioral health counseling services through certain telehealth providers (MDLive, Array AtHome Care, Bright Heart Health)

<sup>2</sup> Savings estimates based on IBM Watson reporting of telehealth utilization with other providers (excludes Doctor on Demand, Teladoc and Amwell) for the periods August 2020 – July 2021 and November 2018 – October 2019; savings based on % member cost share for pre-pandemic telehealth visits applied to most recent 12 months of paid telehealth claims

# Proposed CVS Health pharmacy programs

## Drug Savings Review

- Identifies opportunities for improved prescribing and utilization based on evidence-based medical guidelines
- Program savings are highly dependent on the responsiveness and engagement of the medical provider community, as CVS would be reaching out to physicians with patient safety and savings opportunities
  - CVS outreach consists of a request to the provider to consider making a change in a member's prescription therapy
  - Provider retains discretion over the member's prescription therapy; if the provider does not wish to make a change, CVS will honor their clinical opinion
- Minimal impact to member outside of possible change in prescription(s)
- Program has a 3:1 minimum Return on Investment (ROI) guarantee
  - Monthly administrative fee applies
  - Estimated annual net savings range (after member cost sharing): \$1.0M – \$2.8M
- Program can only be implemented at the beginning of a quarter
  - For a 1/1/2022 effective date, CVS would have needed to be notified by October 15, 2021
  - Next possible effective date: 4/1/2022

## Proposed CVS Health pharmacy programs

### Next Generation Transform Diabetes Care (ngTDC)

- Replacement for the Livongo diabetes care management program for Medicaid plan participants, who will lose access to Livongo on 12/31/2021 when the State's contract with Express Scripts terminates
- Several key differences between the Livongo and ngTDC programs, including the glucose meters used by both programs
  - Livongo provides all enrolled participants with a “connected meter” that uses wireless technology to transmit blood glucose test results to Livongo coaches, who will contact members with abnormally high or low glucose levels
  - ngTDC uses a different connected meter for members at high risk of abnormal glucose values; all other enrolled participants will be offered another meter available from the CVS formulary
  - While lower-risk members will still be required to change their glucose meter, there are additional benefits for those members under the ngTDC
    - Formulary meter uses testing supplies that are covered at no cost under the Rx plan, and can connect to the CVS mobile app to synch readings, provide additional wellness support and send results to external providers
    - These participants are also eligible for diabetes coaching from nurses, nutrition counseling and in-person support at CVS pharmacies, which are all enhancements from the Livongo program
- While the estimated annual cost of ngTDC is about \$115,000 more than Livongo (based on Medicaid population only), there is a guaranteed ROI of at least 2:1

## Proposed CVS Health pharmacy programs

### Next Generation Transform Diabetes Care (ngTDC) (continued)

- At the October 2021 SEBC meeting, the Committee approved the implementation of ngTDC for Medicfill plan participants with a 1/1/2022 effective date to avoid a gap in diabetes care management
- Subcommittee members will still need to determine whether this program should be adopted for active employees and non-Medicare pensioners and assess the value of this program against other diabetes offerings available through the medical TPAs
  - Estimated annual net savings to the GHIP: \$1.9M on medical and pharmacy costs for active employees and non-Medicare pensioners
- Further discussion of outcomes from the current diabetes management programs took place at the September Combined Subcommittee meeting